

PRESS CONFERENCE WITH MINORITY WHIP

STENY H. HOYER

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TUESDAY, MARCH 8, 2011

10:35 a.m.

Mr. Hoyer. Good morning. It is a nice day. The sun is out. Annie told us the sun would come out tomorrow. It did.

Okay. We are meeting at 4:00 p.m. today, unlimited One Minutes. We'll consider two bills under suspension of the rules.

Rules will meet at 5:00 p.m. on the housing program termination legislation. We anticipate what we call a modified open rule, which simply means that you can offer any amendment you want but you have to preprint it to qualify, which gives notice to everybody, which I think is not a bad idea. Some would argue otherwise, but, in any event, I think it is a good idea.

On Wednesday, we will meet at 10:00. We will recess immediately and reconvene at 11:00 to hear the Prime Minister of Australia. She will be here in this country, obviously, for a few days, and she'll be addressing us.

We will also consider H.R. 830, the FHA Refinance Program Termination Act, by Representative Dold from Financial Services, and the rule for H.R. 836, the Emergency Mortgage Relief Program Termination Act. Representative Hensarling will be carrying that bill.

On Thursday, we will consider H.R. 830. And Friday, we will consider H.R. 836. We have asked Austan Goolsbee to come up here to speak to some of our people this week, as well.

Let me talk about where we are on these housing bills. But, first, let me talk about the CR.

The point I made last week was that the Republicans in September

said they wanted to cut \$100 billion from the President's 2011 proposal. That proposal was \$41 billion over 2010. Subsequent to the Republicans making this pledge to do \$100 billion, of which \$41 billion was the sum over the 2010 that the President's budget was, we, in fact, did that in December when we passed the CR until March 4th. We cut \$41 billion by freezing at 2010 levels.

The Republicans then offered their H.R. 1, earlier. And H.R. 1 did, in fact, add \$60 billion to the \$40 billion, and the Republicans scored it as over \$100 billion. In other words, both sides are counting the \$41 billion as part of the \$100 billion proposal by the Republicans.

That is important because the issue now is, we have cut an additional \$4 billion to get to \$45 billion; the Senate has offered an additional \$6.5 billion to get to \$51 billion-plus, which, from our perspective, means that we have moved halfway from zero, the 2011 proposal, which was the first proposal that was made by the President of the United States.

So when somebody asked, what's your initial offer, that was our initial offer, the 2011 proposal. We have now come \$51 billion toward the Republicans' \$100 billion, which means that we have gone more than halfway.

Now we are going to see whether or not, in fact, the Republicans will move off what we perceive to be a reckless bill, which is not so much about cutting spending in a thoughtful way but simply reaching a political figure -- not an individual, but sum total -- of \$100 billion.

Peter King of New York said, I think a number of the cuts Republicans made in the continuing resolution are wrong. They cut port security by two-thirds. They cut transit security by two-thirds. That is one example right there. He said this on CNN on March 6th.

David Brooks -- I call to your attention David Brooks' column, and I am going to repeat it, because I think David Brooks, who is a conservative columnist -- moderate conservative columnist with the New York Times, I think had it just right, which is why I keep mentioning it. He said, "In Washington, the Republicans who designed the cuts for this fiscal year seem to have done no serious policy evaluation. Instead, legislators and administrators are simply cutting on the basis of what's politically easy and what they believe seems expendable." He went on later in the column to say that you should make no cuts without analyzing their consequences. The Republicans have done that.

Now, today -- I talked to Senator Reid -- today he expects to have -- or by tomorrow morning -- a vote on the proposals that have been made, both on the House-passed resolution for about \$101 billion to \$102 billion in scored cuts -- not scored cuts, but cuts that are claimed -- and the Senate alternative, which offers \$51 billion, again, both using the same base of the 2011 President's offer.

Now, people are asking, "well, are you going to shut down the government?" We don't want to shut down the government. We are not going to shut down the government. And we have come up more than halfway to meet the Republican proposals. The Republicans, at this point in time, have not moved a single inch.

After today, my expectation is and my hope is that, in fact, they will come up with where they believe a compromise can be made. As I said to Mr. Cantor, if your position is simply \$100 billion or \$101 billion and no movement, that is not the way the legislative process works. And if that is their position, we are going to have a problem, and we won't be able to get there.

The American people elected a President who doesn't agree with them, elected Democrats that don't agree with them, and, using Peter King, they have elected a Republican who doesn't agree with them. And David Brooks, who I don't think is either Republican or Democrat but an independent, conservative columnist from -- again, I say "conservative." I don't know whether Brooks would fashion himself as such, but he certainly is one of the more conservative columnists in the New York Times.

The President, in his State of the Union, said we need to invest in growing the future, or winning the future, as they say. We think we need to grow jobs in America. We talk about Make It in America, which is success, which is winning the future.

We cannot continue to fund government on 2-week extensions. It is irresponsible. It is inefficient. It undermines confidence in the private sector and undermines morale in the public sector. So we are hopeful that the Republicans will respond tomorrow in a positive fashion to move us toward what any reasonable person would think is a compromise.

I would point out to you that, under the Democratic proposal that

will be voted on by the Senate -- there is not an expectation that it will pass -- but, under that proposal, it will be the deepest cut in nondefense discretionary spending under either Reagan or Bush or Bush II. So this is not an inconsequential spending cut.

We think we need spending reduced, but we think no one ought to be -- the public ought not to be deluded that we can get to where we need to be fiscally by simply focusing on nondefense discretionary spending. It cannot happen that way. You need to look at entitlements, you need to look at defense spending, you need to look at tax expenditures. You need to look at everything across the board if we are going to solve what is truly a fiscal crisis confronting us.

Now, secondly, quickly, let me say that we are going to have legislation on the floor to repeal two housing bills. To date, almost at the end of the first quarter, we have seen the Republican Party continue to be the party of "no." That is to say, they know what they are against, but they have not provided positive alternatives for what they are for and how to address the critical issues confronting our country. That is true on health care; it is true on housing.

And there have been no bills designed to grow jobs. In fact, the bills that they have talked about, Mr. Bernanke thinks it is 200,000, Goldman Sachs thinks it is 800,000, and others think it is 700,000 in lost jobs resulting from their CR if it was put in place.<sup>1</sup>

So not only have they not offered any alternatives, but the bill

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<sup>1</sup> Whip Hoyer misspoke. It was the Economic Policy Institute that estimated 800,000 jobs would be lost under the Republican proposal, not Goldman Sachs. Goldman Sachs said the Republican proposal could reduce economic growth by 1.5 percentage points to 2 percentage points.

they offered, I think the majority consensus -- not everybody; they have some list of economists that said, "Oh, no, this won't affect" -- but the majority, including Mr. Bernanke, a Republican appointee, have indicated that their CR will result in a loss of jobs. So they have no plan on health care, no plan on jobs, and no plan on housing.

Your turn.

Q The budget that President Obama sent Congress doesn't balance at any time in the next 10 years and never brings the annual deficit down below \$607 billion in any year. Is that acceptable to you?

Mr. Hoyer. No. Not only is it not acceptable to President Obama -- and, very frankly, however, you understand that President Obama's budget balances about 40 years before Paul Ryan's budget that he offered. So, understand and place it in context.

We have to together -- together -- work on getting this deficit under control. They inherited a surplus 8 years ago or 10 years ago now. They turned that into a very substantial deficit. And, as a result, we have yeoman work ahead of us, and we need to work together to do that. And I am going to try to help --

Q You mentioned the next 40. Do you plan on -- 40 years, balancing -- do you plan on introducing anything that balances within that 10-year time frame? Or is that --

Mr. Hoyer. I don't think you can get that done in 10 years. I think it is going to take a longer time. We have dug such a deep hole,

and we turned a \$5.6 trillion surplus into \$5 trillion in additional debt. Now we are at \$14 trillion in debt. I think the answer is, responsibly, we are not going to get there in 10 years.

But we have to be on a very considerate path to get there certainly within the next decade and a half or two decades, which will be largely dependent upon growing the economy, which is why undermining the recovery by the CR, as Mr. Bernanke and others point out, is such a negative policy to be pursuing.

Q If the consensus among leaders of both parties is that spending needs to be cut by some amount, isn't the consensus, then, that jobs need to be cut from the Federal Government? It is just a question of how many?

Mr. Hoyer. You know, I think we -- that may happen. Frankly, some administrations have cut jobs. The Clinton administration had a smaller number of jobs than his predecessor, as you may know, and less jobs than his successor.

Having said that, all of you are distracted, as the American people are distracted, by focusing on items in the budget which are significant but not the major contributors to the deficit.

As the Commission pointed out, tax expenditures, entitlements, and defense spending and two wars -- we talk about cutting \$100 billion dollars, the Republicans -- they have involved us in two wars, both of which I supported, you understand, so I'm -- \$159 billion, including unpaid-for. I don't hear any Republicans agonizing about that, not



one.

I haven't heard any Republican stand up -- with the exception, perhaps, of Walter Jones -- stand up and say, "Hey, we are cutting over here \$1 billion, \$2 billion, \$3 billion, very important to cut spending. But, by the way, \$159 billion over here we are borrowing. And, by the way, we have provided in our budget rules \$4.7 trillion of additional deficit over the next 10 years, without paying for it." It just doesn't square.

So when you talk about earmarks, you talk about Federal employees, are they significant? Yes. Do we need to look at them? Yes. But it, to some degree, is a distraction in educating the American people of the hard decisions that need to be made.

Q I guess the reason I ask this is, Democrats are attacking Republicans for wanting to cut 200,000 to 700,000 jobs, depending how you calculate it, but is there a way to make these cuts without costing jobs? It just seems like anything that you counterpropose will also --

Mr. Hoyer. The issue is -- look, I have a lot of Federal employees, and I have been a very strong supporter of Federal employees. The issue is not how many Federal employees we have; the issue is, what do we want to do? And if we want to do A, how many people does it take to do take? If we don't want to do A, we don't need those people to do it. That is the issue.

The issue is not just simply, let's cut out X number of jobs. The issue is: What do we want to do? What can we afford to do? What is a priority to do? And then, who do we need to do it?

Q Leader Hoyer, the price of oil and gasoline here at home has gone up, you know, 32 cents in the last 2 weeks. Are you concerned about the increase in price? And do you think President Obama should tap into the Strategic Petroleum Reserve?

Mr. Hoyer. Am I concerned about the price? Absolutely. I think it should once again knock on our door and say, you need to get an energy-independence policy in the United States of America. We need to have an energy policy. We need, in my view, to expand existing sources and continue research and development of renewables and alternative sources of energy.

Now, having said that, your second question is, do I believe that we ought to release the SPRO at this point in time. The answer to that: I do not believe that we ought to do that. Let me tell you have my rationale. The reason I think that is the SPRO is for a true emergency, not for market management.

Let me tell you what I think a true emergency is. If the Middle East, in fact, implodes and it is not a question of the price but the fact that there is no supply, that supply is reduced by a quarter or by half, then and in that event I think you have the emergency for which SPRO was established. The price is not the emergency that I think was contemplated by the SPRO.

The lack of supply and the need for alternatives for national security purposes, for economic reasons -- but, as you know, the SPRO, at this point in time, if supplies were cut off, would be about a 60-day -- so it is a very short term. And to reduce those reserves

to try to manage price I think is not what it was established for and would put us at risk.

Q Is there anything else Congress can do? I mean, there is \$5 gasoline right now in Orlando. Is there anything else that Congress should encourage --

Mr. Hoyer. Yeah. Our view is that we need to look at investing, as the President said, in alternatives. I am a big supporter of nuclear power. France uses 80 percent of nuclear power to produce its electricity. I think if we heightened our reliance on nuclear, as opposed to fossil fuels, I think that would be a step in the right direction.

I think we ought not to kid ourselves about our own fossil fuels, including natural gas. I think we ought to pursue vigorously the development of natural gas -- not development of, but utilization of natural gas, which is, I think, certainly a much cleaner-burning fuel.

So I think we need to do all of those things, which will, I think, put in the minds of those who now have the supply that if they keep raising prices, that we are going to decrease demand. Very frankly, I think the OPEC nations have played us over the last 50 years by, every time prices spiked and we started to look at alternatives, that prices came down because of fear that we would find alternatives and their product would not have the demand and, therefore, the ability to put prices up that it otherwise would have had.

Q How much longer do you think it is going to take to finish up the fiscal 2011? And could --

Mr. Hoyer. Finish up?

Q -- fiscal 2011, the appropriations? And could all this work help in moving on to a bigger discussion of entitlements?

Mr. Hoyer. Well, I think the answer is, yes, it will, to the latter one.

How long it will take -- I am very hopeful. Speaker Boehner observed that he thought we could do it in the next 2 weeks, by the 18th. I hope he is right. I think we can, I think if we come to the table without, as some of his Republican colleagues have observed, the expectation that, "We say we are going to do \$100 billion, we are going to do \$100 billion."

Joe Scarborough wrote an article -- I don't know whether you've just read it -- how hardline he was when Newt Gingrich gave a lecture to his "perfectionist caucus."

The Founding Fathers set up a legislative process in which compromise is absolutely essential. And for Members to stamp their feet on the ground and say, "My way or no way," is not a way to run any enterprise, and certainly not the largest enterprise in the world.

We need to come to agreement. We need to do it sooner rather than later. Running the government on 2-week cycles or even 30-day cycles is an unacceptable and costly process which destabilizes the economy, undermines the morale of the public and private sector.

I told you this story last week; I don't know whether you were here. Maryland beat NC State two Sundays ago. We haven't had a victory since then. And a guy came up to me as I was leaving, we were

walking out, and he said, "Congressman, don't shut down the government." And I'm thinking, well, maybe this is a Federal employee; he's concerned about -- "Don't shut down the government." And he said, "You guys need to work together. Don't shut things down." I said, "I agree with you. We don't want to shut down the government." He said, "I am a private contractor with the government, and if you shut down the government, I have to lay off all my employees."

So it's not just public employees that we're talking about. It's that the economy, generally, will be adversely affected, substantially, by a shutdown.

So I think we can do it in the next 2 weeks if we bring to the table a reasonable intention, A, not to shut down and, B, to reach agreement. As I said, we have already put on the table -- Democrats have put on the table -- the largest cut in discretionary nondefense spending that will have occurred if we adopt the cuts that we have suggested, along with the Republicans, which they picked up most of President Obama's suggestions, since I have been here.

Q Sir, what is the likelihood -- you were saying that in the next 2 weeks you think that it could get done. But, you know, we've been hearing there might be a likelihood of a another short-term CR before you could actually get, you know, a longer-term one done. You know, do you think there's a high likelihood of having to do another, kind of, short-term before you can get the long-term done?

Mr. Hoyer. Well, I hope not. That's why I said I hope we can do it. And Speaker Boehner indicated he felt it could get done.

You know, if we sit down tomorrow and say, "Okay, here's where we are," let me tell you what my speculation is. My speculation is the Senate will defeat the Democratic alternative and it will defeat H.R. 1.

Now, H.R. 1 is Speaker Boehner's offer and the Republicans' offer. I don't think that is going to pass. Our offer I don't think is going to pass. I would like to see it pass. And, hopefully, those will be where we are.

We'll sit down and say, "Okay, where do we go in the short term?" The short term -- ironically, September 30th is the short term. Unfortunately, Members of Congress think in 24-month cycles. You can't run a nation successfully and competitively in this world on a 24-month psychology. We need to think longer-term.

The Republicans are now engaged, in the Appropriations Committee, on a review, as we were and as Democrats are participating in, a review of all of government in the appropriations process, of the discretionary side of government. They will have an opportunity to review, as David Brooks suggested, and prioritize: "This program is the most important, and this program is the least important," and there are hundreds in between. Brooks' suggestion, why don't you start from the bottom, the least priority program, and move up. They are in that process right now. They are having hearings right now in the Appropriations Committee.

Seven months is a short term. They can come to their conclusions after, as Brooks suggested, analysis both of the merits of particular

programs and the consequences of shutting down those programs or reducing substantially their funding. That's the way this should properly be done.

So I would urge my Republican friends to understand that between now and September 30th is the short term and that we ought to resolve, bring some stability.

And you heard the Republicans talking over and over and over again about uncertainty undermining the economy. What they are doing by, frankly, Mr. Cantor saying, "Well, we can do this in 2-week segments; either you agree with us or we'll do \$2 billion a week for the next 30 weeks," that will be an extraordinarily inefficient, destabilizing, and undermining-of-our-economy way to proceed.

Q Senator Manchin just went to the Senate floor and criticized the President, saying that he failed to lead on spending negotiations completely, that he is essentially not doing his job as he should be doing it in these negotiations. The point person for the White House, Biden, who is supposed to be leading the negotiations on the long-term CR, is out of the country.

Do you agree with Manchin that the White House is not leading, that they have -- he said also they did not offer a serious spending proposal of their own. Is it a problem that the point person is out of the country? How do you view the White House's role in this?

A The point person is not out of the country. The point person is the President of the United States. And the President of the United States and his people are fully engaged in this effort. And last week

they talked to the Republican leadership, they talked to the Democratic leadership.

Vice President Biden obviously has responsibilities. He's in at least three countries, I think, trips that were scheduled, representing the United States in a time of great instability in the international community and where our presence is, I think, required to discuss with other nations what's going on, what we are doing, and get their advice and counsel and give them some thought of what our thinking is.

The President is here. The President is engaged. His staff is engaged. I think Senator Manchin, I think, is incorrect. The President has been engaged. In fact, the President was extraordinarily engaged, personally and through his White House team and through Vice President Biden, on having a very substantive report made by the commission members that he and the House and Senate appointed. And I think the commission report is a very useful document. I think we ought to be working with that. And I think the President has said as much.

And the fact that he hasn't offered something as an alternative right now doesn't mean that he is not working and leading. I think he is doing both. And I think that he understands the seriousness of this issue. And I am hopeful that both of us, both sides, Republicans and Democrats, will move toward the bipartisan agreement that is going to be necessary to make the very tough decisions that are going to get us to where we need to get.

So I don't think Senator Manchin was correct. I think he is



correct in calling for the President to lead, but we also have to lead, and, very frankly, the Republican majority in the House has to lead, as well. They have a lot of responsibility. They have a lot of talk about getting a handle on this deficit. But they are distracting the American public with a pretense that discretionary spending is where you have to look.

Now, to their credit, Speaker Boehner has indicated they are going to work with the entitlements, as well. And we'll see what happens there. If they do, I think, on our side, we ought to be prepared to engage them in a positive way.

Q On that issue, Mr. Hoyer, last summer you gave a speech about entitlement reform, and you suggested that raising the retirement age for Social Security should be on table. Do you think that should still be on the table as we look to this budget coming up?

And when the Republicans do unveil their budget, which they say will reduce entitlements, should Democrats hold back in criticizing it, in terms of working with them? Because it's likely it will be controversial.

Mr. Hoyer. Well, look, I think almost all the suggestions are controversial, and what I have said is that everything ought to be on the table. And I continue to believe that. And I have mentioned everything. Here today, I have mentioned everything, including the tax expenditures, which are controversial, which the commission dealt with.

So the answer to that question is: If the Republicans come

forward with responsible suggestions, I think we ought to engage them. I hope the Republicans don't come forward, as they have with their budget, and say, "This is our suggestion; take it or leave it." I don't think that is the way we are going to get to where we need to be. And I don't think the American public believes that's the way to get there.

Frankly, the American public, in polling data, they want the deficit reduced, and they know it's a challenge to our Nation, a challenge to our future. But they are somewhat ambivalent on how you get there and what you deal with, what you cut.

We are going to have to, I think together, not demagogue this issue but educate about this issue. It is a tough, tough enterprise to get us to a place where we can, in fact, see, once again -- the last time was the last year of the Clinton administration -- a balanced budget.

Thank you.

[Whereupon, at 11:09 a.m., the press conference was concluded.]